

Message Text

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TO SECSTATE WASHDC 6412

INFO AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SECTION 01 OF 02 GENEVA 02960

E.O. 11652: GDS

TAGS: ECON, EIND, VM

SUBJECT: OBSERVATIONS OF SWEDISH OFFICIAL RETURNING FROM
ASSIGNMENT IN HANOI

1. FOLLOWING INFO IS RESULT OF DISCUSSIONS WITH MEMBER OF
SWEDISH FOREIGN OFFICE WHO HAS JUST RETURNED FROM ASSIGN-
MENT TO SWEDISH COMMERCIAL OFFICE IN HANOI.

2. GENERAL OBSERVATIONS ON CONDUCT OF VIETNAMESE FOREIGN
TRADE: IMPORT REQUIREMENTS ON ANNUAL AND FIVE-YEAR BASIS
ARE LISTED IN GREAT DETAIL, INCLUDING QUANTITIES AND, WHERE
POSSIBLE, SPECIFICATIONS. THESE DETAILED PLANS ARE MADE
AVAILABLE TO COMMERCIAL OFFICERS OPERATING IN HANOI. IN
ESTABLISHING CONTACTS WITH VIETNAMESE FOREIGN TRADE
APPARATUS, SWEDES (AND OTHERS, THEY BELIEVE) WERE RESTRICT-
ED TO THE MINISTRY OF FOREIGN TRADE AND FOREIGN TRADE
ENTERPRISES. INDUSTRIAL CENTRALS, DESIGN INSTITUTES, THE
STATE PLANNING OFFICE, AND PRODUCING ENTERPRISES WERE OFF
LIMITS. IN CONTRAST TO OPERATIONAL PROCEDURES IN SOME
OTHER CENTRALLY PLANNED ECONOMIES (CPE'S), FOREIGNERS (BOTH
COMMERCIAL OFFICERS ATTACHED TO EMBASSIES AND BUSINESSMEN)
ARE NOT FUNNELLED THROUGH A CENTRAL PROTOCOL OFFICE OF THE
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MINISTRY BUT CAN ARRANGE DIRECT CONTACTS WITH OFFICIALS OF
THE MINISTRY, RELATIVELY UNFETTERED BY SECURITY MEASURES.
SOURCE OFFERED AS EXPLANATION THAT FOREIGN TRADE BUREAU-
CRACY AND RULES UNDER WHICH IT OPERATES ARE IN NASCENT
STAGE AND THEREFORE RELATIVELY UNENCUMBERED BY LAYER UPON
LAYER OF STATE DECREES WHICH CHARACTERIZES SOME OTHER CPE'S.

3. SOURCE REPORTED THAT VIETNAMESE ARE IN PHASE OF ACQUIRING MOUNTAINS OF DOCUMENTATION TO EDUCATE THEMSELVES ON WESTERN TECHNOLOGY. INITIAL APPROACHES BY SWEDISH COMPANIES ARE VIRTUALLY ALWAYS MADE THROUGH SWEDISH EMBASSY. INTEREST IN A COMPANY'S DOCUMENTATION SHOWN BY TRADE OFFICIALS AT INITIAL MEETING HAS OFTEN MISLED COMPANY REPS, WHEN IN FACT VERY FEW FOLLOW-ON MEETINGS EVER RESULT.

4. BILATERAL TRADE: BECAUSE OF SOVIET WARTIME AID TO VIETNAM, DEFINITE PREFERENCE EXISTS FOR SOVIET GOODS. SOURCE REFERRED TO WIDESPREAD VIETNAMESE BIAS AGAINST PURCHASING FROM PRC. TRADE WITH USSR AND OTHER SOCIALIST COUNTRIES IS CONDUCTED ON BASIS OF BILATERAL ANNUAL TRADE AGREEMENTS. SOURCE INDICATED THAT TO BEST OF HER INFORMATION, CLEARING CURRENCY FOR THOSE TRADE AGREEMENTS IS WESTERN HARD CURRENCY (PROBABLY SWISS FRANCS).

5. TIED AID: GENERALLY 25 OF SWEDISH FOREIGN AID IS TIED TO PURCHASE OF SWEDISH PRODUCTS. IN VIETNAMESE CASE, PERCENTAGE IS "CONSIDERABLY LOWER FOR POLITICAL REASONS." MOST CONTRACTS WITH SWEDISH FIRMS WERE REPORTED TO BE MADE WITH KRONER FROM SWEDISH AID. GOS HAS MADE AVAILABLE TO VIETNAM 7 MILLION KRONER FOR FEASIBILITY STUDIES OF INDUSTRIAL PROJECTS. HOWEVER, STUDIES MUST BE PERFORMED BY SWEDISH COMPANIES. SUCH A FEASIBILITY STUDY WAS CONDUCTED FOR LARGE PAPER MILL, THE CONTRACT FOR WHICH WAS EVENTUALLY CONFIDENTIAL

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AWARDED TO SWEDISH FIRM OVER FINNISH COMPETITION. A SWEDISH COMPANY IS ALSO REPORTED CONSTRUCTING TURN-KEY PINEAPPLE CANNING PLANT. SOURCE ATTRIBUTED SWEDISH SUCCESS IN LATTER EXAMPLE TO US RESTRICTIONS WHICH PREVENTED TWO MAJOR US PINEAPPLE CANNING COMPANIES FROM SUBMITTING BIDS.

6. OIL: TOP INDUSTRIAL PRIORITY IS DEVELOPMENT OF VAST OFF-SHORE VIETNAMESE OIL DEPOSITS. WESTERN GOVERNMENTS WITH LARGE OIL COMPANIES HAVE EACH BEEN PRESSING GOVN FOR DEVELOPMENT RIGHTS. DEAL REPORTEDLY BEING DISCUSSED CONSISTS OF ESSENTIALLY TURN-KEY OPERATION WITH PARTICIPATING WESTERN PARTNER TO BE REPAID WITH LONG-TERM DELIVERIES OF OIL. DESPITE HIGH PRIORITY ACCORDED TO THIS PROJECT, GOVN REPORTED TO BE STALLING ON DECISION UNTIL RELATIONS WITH US IMPROVE AND US COMPANIES, WHOSE OFF-SHORE DRILLING TECHNOLOGY VIETNAMESE OPENLY ACKNOWLEDGE AS BEST IN WORLD, CAN SUBMIT COMPETITIVE PROPOSALS. SOURCE DREW SELF-EVIDENT IMPLICATION THAT GOVN EXPECTING SUCH IMPROVEMENT IN RELATIONS WITH US TO TAKE PLACE SOON.

7. PLAGUE: IN LATE JANUARY, MINISTRY OF FOREIGN AFFAIRS PASSED WORD TO RESIDENT FOREIGN COMMUNITY TO TAKE PRECAU-

TIONS (VACCINATION, ETC.) AGAINST POSSIBILITY OF PLAGUE.
TO ADD FORCE TO THEIR URGINGS, THEY REVEALED THAT ONE DEATH,
CAUSED BY PLAGUE, HAD JUST OCCURRED IN SAIGON. NO MENTION
OF ANY HEALTH PROBLEM HAS APPEARED IN PRESS, ACCORDING TO
SOURCE. BECAUSE OF DISTANCE BETWEEN SAIGON AND HANOI,
CONSENSUS OF FOREIGN COMMUNITY WAS THAT SUCH STERN WARNING
WOULD NOT HAVE BEEN GIVEN UNLESS DANGER WERE IN FACT MORE
IMMEDIATE THAN OFFICIALS CARED TO REVEAL. TRAVEL OUTSIDE
CAPITAL CAN BE SIMPLY ARRANGED BY 72-HOUR NOTICE, WITH
PERMISSION RARELY DENIED. HOWEVER, SINCE NO FOREIGNERS
ARE ALLOWED INTO SOUTH, PLAGUE REPORTS REMAIN UNVERIFIED.

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